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IDAHO PUBLIC  
UTILITIES COMMISSION

**SCOTT WRIGHT**  
Regulatory Analyst

May 2, 2012

Ms. Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
475 West Washington Street  
P. O. Box 83720  
Boise, ID 83720-0074

IPC-E-05-21

RE: Supplement to Annual Compliance Filing for Preliminary Survey  
& Investigation (PS&I) Charges

Dear Ms. Jewell:

Enclosed please find three copies of the supplemental filing for the 2011 PS&I report. This supplemental filing contains the amortization schedule of previous PS&I charges for a combined heat powered plant that was inadvertently left out of the original report filed on April 27, 2012. If you have any questions, please contact me at 388-5493.

Very truly yours,

Scott Wright

SW/kkt

Enclosures

cc/enc: Terri Carlock, IPUC  
Greg Said  
RA Files

**DATE:** May 1, 2012

<b>MEMO TO:</b>	B MacMahon	G Said	M Youngblood	S Wright
	C Miller	C Kreikemeier	J Williams	D Walker
	M Annis	J Wilkerson	G Marchioro	
	D Berg	K Petersen	S Mallard	
	G Gibson	D Bean	T White	
	R Henderson	L Nordstrom	T Tatum	

**FROM:** D Jones

**CC:** C Culp

**SUBJECT:** To account for the transfer of accrued costs incurred for preliminary survey and investigation (PS&I) charges in conjunction with the investigation of the viability of a combined heat powered (CHP) plant at Amalgamated Sugar Company, LLC (TASCO). This project was a combined investigation effort to determine the feasibility of the CHP plant which included TASCO, the Idaho Office of Energy Resources (OER) and Idaho Power Company.

A high-level feasibility study completed in July 2010, confirmed initial estimates of potential project benefits and set forth a due diligence process to complete a second, more detailed feasibility study to refine performance and financial modeling of the proposed project. The second, more detailed, feasibility study was completed in July 2011. This study focused on optimizing project size given Idaho Power's need for resources and operational flexibility and TASCO's need for process steam. The second study explored in more detail the operational aspects of integrating the CHP project with TASCO's operations as well as presenting a more detailed look at estimated project economics, and comparing economics of the CHP project to one of TASCO's other alternatives – retrofitting the existing Riley boiler to attain Best Available retrofit Technology (BART) compliance.

Conclusions of the more detailed feasibility study indicate that the CHP project is certainly technically feasible; however, given TASCO's and IPCo's individual needs and the current economic conditions, the CHP project is not the most economic choice for either party. While a CHP project is possible from an efficiency perspective, unfortunately, the project economics do not justify proceeding with project development. Favorable changes in federal tax and other incentive programs could help to improve project economics and result in more wide-spread development of CHP projects.

It has been determined that this project is currently not feasible and as a result in accordance with the IPUC Order No. 29904, the accrued costs will be written off and amortized over a 12-month period beginning in October 2011.

(1)

182.3 PS&amp;I CHP ORD 29904

699 X00001 999 182355

\$ 48,543.09

183 PS&amp;I- IRP- CHP-Feasibility

699 X00001 999 183013

\$ 48,543.09

To record the transfer of the accrued costs incurred from June 2010 through September 2011 for the PS&I of a CHP plant, upon the plant not being approved. This entry was made in December 2011 by Cathy Culp.

(2)

549 Miscellaneous Other Power Generation Expenses

699 G40001 439 549000

\$ 4,045.26

182.3 PS&amp;I CHP ORD 29904

699 X00001 439 182355

\$ 4,045.26

To record the monthly amortization of the deferral balance. The amortization will be over a 12-month period beginning October 2011 in accordance with IPUC Order No. 29904. The first entry will be made December, 2011 and monthly thereafter. The December entry of 12,135.28 includes a catch-up for the October and November 2011 amortization totaling \$8,090.52, resulting from the decision on September 19, 2011 determining the CHP plant as not a viable project.

IDAHO POWER COMPANY  
*PS&I Combined Heat Powered (CHP)*  
*October 2011 through September 2012*

**AMORTIZATION SCHEDULE -NO COMPOUNDING - NO INTEREST**

Balance at September 30, 2011	48,543.09
Months remaining	12
Adjusted amortization	4,045.26

**Account 182355**

<u>Month</u>	<u>Amount</u>	<u>Ending Balance</u>
		48,543.09
1 October, 2011	(4,045.26)	44,497.83
2 November, 2011	(4,045.26)	40,452.58
3 December, 2011	(4,045.26)	36,407.32
4 January, 2012	(4,045.26)	32,362.06
5 February, 2012	(4,045.26)	28,316.80
6 March, 2012	(4,045.26)	24,271.55
7 April, 2012	(4,045.26)	20,226.29
8 May, 2012	(4,045.26)	16,181.03
9 June, 2012	(4,045.26)	12,135.77
10 July, 2012	(4,045.26)	8,090.52
11 August, 2012	(4,045.26)	4,045.26
12 September, 2012	(4,045.26)	-

Per IPUC order 29904 the deferral will be amortized over a 12 month period

549 Miscellaneous Other Power Generation Expenses  
     699 G40001 439 549000

\$ 4,045.26

182.3 PS&I CHP ORD 29904  
     699 X00001 439 182355

\$ 4,045.26